

LABOUR RELATIONS OFFICEALTERNATIVE EMPLOYMENT - THE NEED FOR REVISION.

1. The successful and equitable operation of the Alternative Employment Scheme is prejudiced by three factors. They are
 - (a) The existence of two alternative procedures, the 1950 Railway Agreement covering Conciliation Staff, and the 1952 Procedure covering all other staff.
 - (b) The growing body of case law relating to borderline and extraordinary cases, where judgements have been made in the past on grounds other than the strict letter of the approved procedures.
 - (c) The growing volume of clerical work involved in the frequent reassessment of personal allowances consequent on the greater frequency of alterations in pay and conditions generally.
2. Any attempt to reconsider and rationalise the existing system is governed by two considerations.
 - (a) The scheme, by definition, deals with the results of sickness and suffering. It is easy, therefore, for alterations to be misrepresented as callousness and unfeeling economy. Obviously no existing recipients of Alternative Employment benefit should face worsened conditions, but London Transport has a public responsibility to ensure that money spent on wages is spent to the best advantage.
 - (b) "An increasing number of staff offered Alternative Employment preferred to find other employment locally" (K.R. Thomas, 1960). The financial provisions for unfit staff, although generous, are evidently not, in themselves, an inducement to remain in the service. Conversely, under present conditions of over-employment the fear that unfit staff may be unable to find other work outside the service is increasingly groundless. This is particularly true of relatively young staff, and may lead to a significant reduction of numbers entering Alternative Employment grades in the future. It is necessary, however, to distinguish between staff whose fitness is gravely impaired by accident or otherwise, and those subject to gradual decline in their faculties. The former are likely to find other work outside London Transport most difficult to find.

3. Confusion results from the widely-differing systems of computing gross earnings to be found in the various departments of London Transport. An unfit man may be transferred from a post in which there is no overtime, productivity or shift work allowance to one in which a lower basic rate is supplemented by as many as five separate and variable emoluments. Alternatively, he may go from a post in which sundry special payments and opportunities for overtime-working add significantly to his basic rate, to one in which a basic rate is not subject to any increase. At present such variations must be taken into account when assessing an appropriate allowance since, by definition, the scheme exists to prevent a man suffering financially as a result of incapacity. Such payments may give rise to further confusion amongst staff doing the same work as the transferred man, but not in receipt of allowances. This confusion has given rise on occasion to unofficial strikes.
4. The railway conciliation and salaried staff scheme was the first of the Alternative Employment procedures. It is essentially a self-administering process: staff transferred as a result of incapacity remain, for payment purposes, in their former grade. They receive its current rate less 10/-, and they qualify for enhancements for night duty, overtime, rest-day work, Sundays etc. calculated on the basic rate of their former grade. The personal allowance, in other words, is not excluded from enhancement assessment.
5. The road services scheme differs fundamentally in that the old rate of pay, and therefore the personal allowance, does not qualify for enhancement under bonus schemes. Such enhancements as are relevant to the case are assessed on the basic rate for the new job. This means that the personal allowance must be separately reassessed after every alteration in the rates of both old and new grades, since the enhancements calculations exclude this allowance. Figure 7 shows some of the re-assessments involved in a characteristic case. To compensate for this exclusion, road service staff qualify for a formula assessment of bonus, productivity payments etc. "where regularly applied to the person concerned". Safety allowances are also included.
6. The practice of periodic reassessment, which was not carried out until 1957, is a direct result of altered differentials as between grades. As long as differentials are maintained, the addition of a flat increase to the old rate was equitable. The reassessment procedure is now so involved and of such massive proportions as to be consistently as much as three months in arrears. In fact it

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is not uncommon for further reassessments to be demanded before the preceding batch have been processed. This expensive clerical task serves no purpose whatever, other than the fulfilment of an administrative procedure laid down when conditions were entirely different.

7. It is impossible to state dogmatically which of the schemes is financially most beneficial to the staff concerned. Broadly speaking the railway scheme retains staff in their former grade, paying them their old rate less 10/-, and calculating appropriate bonus on that rate. The road scheme places staff in a new grade, adds a personal allowance, the calculations of which includes allowance for bonus etc. The two schemes take account of differing wages structures in the two branches at the time of their introduction, in particular the fact that conciliation staff enjoy broadly similar conditions of service whilst other grades have widely differing conditions. The railway scheme is particularly helpful for staff transferring between grades qualifying for bonus, but as the personal allowance itself takes in no bonus element, staff moving from a bonus grade to a non-bonus grade would be at a disadvantage. It would be difficult, therefore, to apply the scheme generally. Administratively the railway scheme is much to be preferred since it does not require a separate statement of personal allowance involving periodic re-calculation.

8. The difference between the two schemes in financial terms can be graphically illustrated by reference to two particular cases.

A. A night ganger in Per. Way (a conciliation grade) was transferred to the post of watchman in the Electrical Equipment section. He remained on night work, but transferred from a grade in which enhanced night rates were paid to men with an "all-in" or consolidated rate.

The 1952 agreement takes night work and bonus earnings into account when assessing personal allowance, largely because of widely-varying conditions of the grades concerned in it. The railway agreement does not, because basically most conciliation staff have similar conditions.

As this man was transferred out of the conciliation group he did not receive night-work enhancement, neither did his personal allowance take account of his former enhanced payments in the Per. Way section.

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The difference between his actual earnings under the 1952 procedure, and his earnings under the conciliation scheme over a standard fortnight were as follows:-

1. "Road" scheme:	£. s. d.	Remarks :
Standard hours : 120 @ 2/7.2	= 15 12 0	
Overtime worked : 10 @ 2/7.2	= 1 6 0	
$\frac{1}{4}$ time on 7 $\frac{1}{2}$ hours; 2 @ 2/7.2	= <u>5 2</u>	
Personal allowance	17 3 2	
	1 14 0	not ranking for enhancement
Gross Pay :	<u>18 17 2</u>	

2. "Rail" scheme

Standard hours : 120 @ 2/10.6	= £17 6 0	rate that of old grade ranking
Overtime worked : 10 @ 2/10.6	= 1 8 10	for enhancement.
$\frac{1}{4}$ time on 10 hours: 2 $\frac{1}{2}$ @ 2/10.6	= <u>7 3</u>	42 hour part of old conditions.
Gross Pay :	<u>19 2 1</u>	

In cash terms the difference was about 2/6d. per week. The important point about this case is not its anomalous circumstances, corrected by altering the scheme under which the man is assessed, but its illustration of the difficulty of applying either scheme indiscriminately to all staff. Following this case it was made quite clear that men must be dealt with in the same way as others in the department to which they are transferred. That is, conciliation staff wishing to retain the advantages of full bonus and other enhancements had to remain in a conciliation grade or their claim to alternative 2 (above) was forfeit. Nevertheless it is worth observing that the difference in the earnings calculated under the two procedures is not significant.

B. A second example will show how the operation of the railway scheme will militate against staff in certain circumstances.

A man in the supervisory grade of foreman was reduced to labourer. His alternative employment pay was assessed by the railway procedure. The difference between former and present actual wages was as follows:-

1. Foreman

Basic rate	=	£682 10
Bonus allowance	=	55 0
Aggregated overtime		
Payment as at 7/55	=	<u>56 0</u>
Gross	=	<u>£793 10</u>

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2. Labourer, (assessed as rail scheme).

Basic rate	=	£682	10
<u>Less 10/- difference</u>		<u>26</u>	<u>0</u>
		£656	10

Under the railway procedure the allowances under (1) are not included when assessing the man's new rate of pay. Under "road" procedure shift and night work payments regularly applied and incentive bonus, are included in the personal allowance calculation. The difference in assessment would be as follows:

3. Labourer, if assessed under "road" scheme.

Former basic rate	=	£682	10
Bonus allowance	=	55	0
Overtime aggregation =		<u>56</u>	<u>0</u>

£793 0

£793 0

Subject to a reduction not exceeding £26 p.a.

26 0

Gross pay

£767 0

In example (2) the man suffers a reduction of £137 p.a. and cannot qualify for bonus. In example (3) he suffers an actual reduction of £26 p.a.

In this particular case the man was informed of his rate under example (2) before the implications were considered, and the decision rested. But obviously supervisory staff who receive consolidated bonus payments as supervisors lose these on transference. And yet if they retain supervisors' conditions they do not qualify for normal bonus enhancement in their new grade. The practice is therefore to assess supervisory staff under the "road" scheme.

It has, however, happened that staff have a personal allowance including allowances formerly paid to them in lieu of overtime earnings, and also draw overtime rates in their new post.

9. Approached in vacuo the Alternative Employment scheme raises several questions of principle. Whilst accepting the undertakings moral responsibility for the security and well being of staff injured in the service, it is possible to question whether such a responsibility exists for staff rendered incapable by sickness at a relatively early age. Does London Transport have a duty to guarantee a pension for

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twenty-five years to a man becoming unfit at the age of 40 when it cannot provide, and disclaims responsibility for, pensions to staff retiring after 45 years of service ? The Board is already placing an arbitrary limit on its responsibility by confining benefit to staff with 15 years or more service. It is only a corollary of this process to limit benefit to staff over, say, 55 years of age, at which age alternative work outside the service may become more difficult to find. Conversely, however, men of 40 are more likely to have family and mortgage responsibilities which require security of income.

10. With the National Plan forecasting extensive demands on available man power over the next decade there is some doubt if London Transport is not hoarding man power by retaining men in jobs which do not extend their abilities. Does a disqualification from public service vehicle driving, with its demanding hours and routine, necessarily mean that a driver's skill cannot be exercised on lighter driving work ? The limitation of personal allowance payments to staff over 50 or 55 years of age and those unfit through industrial injury is in my opinion worth serious consideration, with appropriate discharge allowances to staff who are retired. An important factor would be whether the grades filled by alternative employment staff could satisfactorily be otherwise provided for, and whether the omission of a 40-50 age group would reduce our quota of disabled staff below the statutory 3%. Certain designated jobs (e.g. lift-operators) can only be filled by disabled persons.

11. The second section of this report deals with suggested amendments to the Alternative Employment scheme of a more or less radical nature. Two important points need to be considered as a preliminary. The 10/- deduction limit, the basis of both present schemes, is an entirely arbitrary figure and one which is entirely unrealistic in relation to wage rates at their present level. Furthermore it is surely mistaken to argue that to adopt an equal deduction for all grades is equivalent to offering equitable treatment to all grades. A £26 p.e. deduction means much less to higher-paid grades than it would to others. The limit is undesirable as at present administered, and if preserved ought to be increased. Secondly the practicable approach to these proposals must necessarily involve some hope of its acceptance by the Unions. The Railway procedure, in particular, is governed in part by national agreements going back for 40 years. This hope is probably a slim one and it may be necessary to "buy ourselves" out of the existing scheme if the advantages appear to be great enough.